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Message Text

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20
ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 DODE-00 PA-01 PRS-01 PM-04 AGR-05

IO-11 CAB-02 DOTE-00 FAA-00 /107 W
---------- 109446
R 080845Z APR 76
FM AMEMBASSY KATHMANDU
TO SECSTATE WASHDC 4732
INFO AMEMBASSY DACCA
AMCONSUL CALCUTTA
AMEMBASSY NEW DELHI

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E.O. 11652: N/A
TAGS: EGEN, PFOR, ETRD, EAIR, BG, NP
SUBJ: NEPAL, BANGLADESH SIGN FOUR AGREEMENTS

REF: DACCA 1718

1. ALTHOUGH TEXTS OF THE FOUR BILATERAL AGREEMENTS DEALING WITH TRADE, TRANSIT FACILITIES, TECHNICAL COOPERATION, AND CIVIL AVIATION SIGNED BETWEEN NEPAL AND BANGLADESH APRIL 2 HAVE NOT YET BEEN PUBLISHED, WE HAVE BEEN ABLE TO PIECE TOGETHER THE FOLLOWING INFORMATION WHICH MAY NOT, HOWEVER, BE AUTHORITATIVE.

2. THE TRANSIT AGREEMENT WILL ALLOW NEPALESE IMPORTERS TO IMPORT GOODS VIA BANGLADESH (AND SUBSEQUENTLY, THROUGH INDIA) AND AT LEAST AS FAR AS BANGLADESH IS CONCERNED, WILL BE ABLE TO DO SO WITHOUT THE NEED TO PRODUCE NEPALESE IMPORT LICENSES. SIMILARLY NO BANGLADESH
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CUSTOMS SEARCH OF THE GOODS IN TRANSIT WILL BE REQUIRED.

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ACCORDING TO OFFICIAL OF MINISTRY OF INDUSTRY AND COMMERCE, SIGNIFICANCE OF AGREEMENT IS THAT TRANSIT OF GOODS THROUGH BANGLADESH HAS BEEN MADE CONSIDERABLY EASIER THAN SHIPMENT OF GOODS VIA CALCUTTA. WHAT IS NOT KNOW, HOWEVER, IS THAT THE AGREEMENT SPECIFIES ABOUT USE OF THE TRANSIT POINT AT RHADIKAPUR ON INDIAN/ NEPAL BORDER. PREVIOUS INDIAN CONCESSION ON TRANSIT OF GOODS FROM BANGLADESH TO NEPAL IS SO VAGUE AS TO BE MEANINGLESS AND FACT REMAINS THAT WITHOUT INDIAN CONCURRENCE ANY AGREEMENT ON TRANSIT OF GOODS FROM BANGLADESH IS USELESS.

3. TRADE AGREEMENT APPARENTLY IS LISTING OF COMMODITIES WHICH BOTH SIDES AGREE COULD BE USED TO INCREASE BILATERAL TRADE. EXPORTS FROM NEPAL WOULD INCLUDE RICE, MUSTARD OIL, TIMBER AND VARIETY OF SPICES. IN RETURN BANGLADESH WOULD EXPORT TEXTILES, FISH, RAW COTTON AND SEMI-FINISHED PRODUCTS. TRADE AGREEMENT FROM REPORTS NOW AVAILABLE APPEARS TO BE SIMPLY A STATEMENT OF INTENT, RATHER THAN A DEFINITE COMMITMENT. NONETHELESS THE AGREEMENT CAN BE USED BY NEPAL TO POINT OUT TO INDIA THAT IT HAS AN ALTERNATIVE MARKET FOR REICEL HOULD THE GOI CONTINUE TO DEMAND CANALIZATION OF NEPAL'S RIR TRAFFIC THROUGH CENTRAL MARKETS IN NEW DELHI.

4. COMMENTS: THE TIMING OF THE AGREEMENTS ON THE EVE OF NEPAL PRIME MINISTER GIRI'S FIRST OFFICIAL VISIT TO INDIA IS CERTAINLY NO ACCIDENT. THE NEPALESE ARE NO DOUBT ANXIOUS TO SHOW THE GOI THAT DESPITE ITS OVERWHELMING ECONOMIC LEVERAGE ON NEPAL HMG IS AT LEAST LOOKING AT ALTERNATIVES. ARMED WITH A BILATERAL AGREEMENT ON TRANSIT, FOR EXAMPLE, GIRI COULD PRESS FOR GREATER INDIAN CONCESSIONS ON TRANSIT OF GOODS FROM DACCA AND CHITTAGONG. THE FACT THAT BANGLADESH AGREED TO FOUR SEPARATE AGREEMENTS (INCLUDING THOSE ON TRADE AND TRANSIT RESPECTIVELY) WILL BE WELCOMED BY THOSE IN KATHMANDU WHO HAVE ARGUED THAT A SIMILAR ARRANGEMENT SHOULD BE WORKED OUT WITH INDIA TO REPLACE THE PRESENT ALL-ENCOMPASSING TRADE ANSF TRANSIT AGREEMENT OF 1971 WHICH HAS GIVEN THE GOI CONSIDERABLE LEVERAGE. EAVES
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